

## 8 RESUME

The subject of the thesis is Financial Management of a Foundation. A foundation is a legal entity that supports charitable activities in order to serve the common good. It is created with endowments - money given by individuals or corporations. The foundation endowment is the basis element of a foundation.

Foundations are non-for-profit organizations and as such they build an important part of a non-for-profit sector in the Czech Republic. They play a significant role in the civil society. They provide their help and support in all areas of human live. Because of their charitable purpose and transparent financial management they are supported by a lot of individuals and corporations. Their philanthropy activities are focused on areas in which state's support or individual's help are not provided or are not sufficient.

The objective of the thesis is not to work up an economic or accounting analysis of the financial management of a foundation but to focus on financial management of a foundation in context of a legal and tax regulation.

In connection to the main subject of the thesis, the financial management of a foundation, I find important to provide readers with basic facts about legal regulation and position of a foundation in the Czech Republic. In this part of the thesis, the chapter two, I define a basic law regulating foundations, Act No. 227/1997 Coll., on foundations and foundation funds, as amended, explain key terms, process of establishment of a foundation and describe its statutory bodies.

In the beginning of the chapter two I also present a historical overview where I mention some important historical facts in the development of foundations.

The third chapter of the thesis gives details on a foundation's asset, which is the basic element of each foundation. The foundation's asset is created by a "foundation endowment" and "other foundation asset". The foundation endowment is registered in a foundations' register administered by a particular Regional Court and its value must not be less than CZK 500,000. It must consist of a property which assures stable gain.

In the first part of the fourth chapter, the financial management of a foundation, I present different types of foundations, detail sort of financial sources and focus on problems of expense items of foundations.

I also write about legal regulation in relation to business activities of foundations and about obligatory annual reports of foundations that are important tool for a transparency of the financial management. A foundation cannot carry on entrepreneurial activities except those which are specifically listed in the Act on foundations and foundation funds stated above.

The last part of the fourth chapter explains the characteristics of foundations' taxation. I focus on taxes that are the most important from a foundation point of view. Those include a corporate income tax, heritage and gift tax. Because the taxation aspects of non-for-profit organizations are very similar for types of non-for-profit organizations, I describe the taxation process in general and where applicable I am pointing out the specifications relating to a foundation.

Only briefly I describe aspects of the foundations' taxation by a road tax and a real estate tax.

The fifth chapter contains a conclusion and the sixth chapter lists used literature and other sources of the thesis.

**Name in English:** Financial Management of a Foundation

**Key terms:** Foundation, financial management, tax